

E-L *FINANCIAL CORPORATION LIMITED*
1972 Annual Report

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Operating and Financial Highlights

1972 was the fourth complete year of operations of the Company.
A summary of the Company's financial progress is presented below.

	1972	1971	1970	1969
Net Premiums - - - - -	\$ 57,570,109	\$ 52,408,815	\$ 48,024,229	\$ 41,256,139
Total Revenues - - - - -	69,403,765	63,007,805	57,636,888	49,965,511
Operating Income before taxes - - - - -	5,544,517	3,647,433	3,013,663	2,264,572
Net Operating Income after taxes - - - - -	3,879,877	2,194,539	2,213,195	1,626,488
Earnings per share **				
Net Operating Income - - - - -	\$ 1.16	\$.66	\$.66	\$.49
Net Earnings including capital gains and extraordinary items - - - - -	1.31	.75	.78	.61
Total Assets - - - - -	\$ 212,319,068	\$ 192,804,453	\$ 178,203,655	\$ 161,787,142
Shareholders' Equity (Book Values) - - - - -	30,823,983	27,006,770	24,655,998	21,447,242
Insurance in Force *				
Individual Lives - - - - -	\$ 901,541,000	\$ 835,631,000	\$ 795,663,000	\$ 757,226,000
Group - - - - -	495,460,000	469,876,000	442,493,000	398,309,000
Total Insurance in Force * - - - - -	\$1,397,001,000	\$1,305,507,000	\$1,238,156,000	\$1,155,535,000

**After full conversion of Company's preferred shares.

*Net of reinsurance.

Board of Directors

HONOURABLE LOUIS P. BEAUBIEN
Member of the Canadian Senate

HERBERT H. BLAKEMAN, F.S.A., F.C.I.A.
former President,
The Empire Life Insurance Company

E. KENDALL CORK
Vice-President and Treasurer,
Noranda Mines Limited

JAMES V. EMORY
President,
United Corporations Limited

PETER S. GOODERHAM
Executive Vice-President,
Wills, Bickle & Co. Ltd.

H. NORMAN HANLY
Former President,
The Dominion of Canada General Insurance Company

KENNETH G. HUTCHISON
President,
The Dominion of Canada General Insurance Company

HENRY N. R. JACKMAN
Chairman of the Board,
The Empire Life Insurance Company

HENRY R. JACKMAN, C.S.T.J., Q.C.
President,
The Dominion and Anglo Investment Corporation Limited

W. LEO KNOWLTON, Q.C.
Director,
Canada Permanent Trust Company

HENRY E. LANGFORD, Q.C.
former Chairman,
Ontario Securities Commission

ROBERT M. MacINTOSH
Executive Vice-President,
Bank of Nova Scotia

BRIAN R. B. MAGEE
Chairman of the Board,
A. E. LePage Limited

N. DONALD McDONALD, M.B.E., F.L.M.I.
President,
The Empire Life Insurance Company

ARTHUR PEDOE, F.I.A., F.S.A., F.C.I.A.
Consulting Actuary

Officers

HENRY N. R. JACKMAN PRESIDENT

N. DONALD McDONALD VICE-PRESIDENT

KENNETH G. HUTCHISON VICE-PRESIDENT

Remarks of the President

MR. HENRY N. R. JACKMAN

In 1972 E-L Financial Corporation Limited experienced the best year in the Company's four-year history. Statutory operating earnings amounted to \$3,879,900 or \$1.16 per share, up 76% over the \$2,194,500 or 66¢ per share earned in 1971. If capital gains and extraordinary profit items are included, earnings total \$1.31 per share compared with 75¢ for 1971. Earnings figures per share have been calculated after assuming full conversion of our Company's preferred stock. This increase in earnings reflects an improvement in profitability of all areas of your Company's operations.

General insurance net written premiums totalled \$35,689,000, representing a very satisfactory increase of 14.9% over the previous year. Although claims remained at high levels, our increased premium income when combined with a further improvement in expense ratios and a 17% increase in investment income, resulted once again in record general insurance profits.

The most dramatic improvement in statutory earnings occurred in our life insurance operations where a statutory loss on shareholders' account of \$94,000 in 1971, was turned into a profit of \$1,112,000 in 1972. The reason for the dramatic improvement in life insurance earnings can be accounted for in part by the elimination of losses on Empire Life's group accident and health business which is now operating profitably. Similarly, the relative increase in sales of participating policies by Empire Life during 1972 had the effect of shifting the greater portion of the heavy cost of writing new business to policyholders' account, thus releasing a larger than anticipated surplus on shareholders' account.

The realignment of The Dominion of Canada's Life Insurance Section from a "career branch" to a "general agency" basis has proven to be most successful with new business effected being more than twice the amount effected two years ago when the new programme was introduced.

The total amount of life insurance in force of our two subsidiaries was \$1,397-millions net of reinsurance as of the

year end. Of this amount, \$902-millions was on individual lives and \$495-millions was group insurance.

E-L Investment Management Limited, the Company's wholly-owned investment counselling subsidiary continued to expand during 1972. Gross fees from pension funds and individual clients grew by 24% during the year. The investment performance of our segregated funds which are used as a basis of measuring the benefits of policyholders who hold our various "equity-linked" policies, continued to be well in excess of industry averages.

During the year, Mr. H. Norman Hanly retired as President of The Dominion of Canada General Insurance Company after forty-nine years of distinguished service. Mr. Hanly guided his Company's destiny during the period of its greatest growth and profitability. We are fortunate that his services will be retained to our Company as a continuing member of our Board of Directors. Effective August 1, 1972, Mr. Kenneth G. Hutchison was elected President and Managing Director—General Insurance, of The Dominion of Canada General Insurance Company and was also elected a Vice-President and a Director of E-L Financial Corporation Limited. Mr. J. S. M. Wason, F.F.A., F.C.I.A., A.S.A., was appointed Managing Director—Life Insurance, of the Dominion of Canada Group.

It is with extreme regret that we announce the retirement from our Board of Directors, of Mr. Arthur Pedoe, F.I.A., F.S.A., F.C.I.A., one of Canada's most distinguished and best-known actuaries. His service to E-L Financial and its subsidiaries will be greatly missed.

We are glad to welcome to our Board of Directors, Mr. J. V. Emory of Montreal, President of United Corporations Limited, and President of RoyFund Ltd.

In closing, we would like to thank all our agents and employees whose co-operation and loyal support were responsible for making 1972 a record year. To each and every one, we extend our sincere appreciation.

Consolidated Balance Sheet - December 31, 1972

(with comparative figures at December 31, 1971)

ASSETS	1972	1971
Cash - - - - -	\$ 981,613	\$ 1,014,274
Short term investments - - - - -	2,785,000	2,610,495
Bonds and debentures - - - - -	58,289,808	52,214,880
Preferred stock - - - - -	12,550,907	11,197,291
Common stock - - - - -	35,033,353	28,769,389
First mortgages on real estate - - - - -	71,543,716	69,351,455
Real estate (less depreciation) - - - - -	5,622,938	5,722,988
Loans on policies - - - - -	9,151,477	9,053,388
Premiums in the course of collection - - - - -	7,105,617	6,280,679
Investment income due and accrued - - - - -	1,951,572	1,723,177
Segregated investment funds - - - - -	7,043,958	4,743,999
Due from reinsurers and others - - - - -	153,615	109,744
Other assets - - - - -	105,494	12,694
	<u>\$212,319,068</u>	<u>\$192,804,453</u>

Auditors' Report

TO THE SHAREHOLDERS OF E-L FINANCIAL CORPORATION LIMITED

We have examined the consolidated balance sheet of E-L Financial Corporation Limited and subsidiary companies as at December 31, 1972 and the consolidated statements of income, shareholders' equity in surplus and source and use of funds for the year then ended. Our examination of the financial statements of E-L Financial Corporation Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries. The policy reserves and certain other liabilities to policyholders have been certified by the subsidiary companies' actuaries.

In our opinion, based on our examination and the certificates of the subsidiary companies' actuaries, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and use of their funds for the year then ended, in accordance with accounting principles as set out in note 1 applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 2, 1973

THORNE GUNN & Co.
Chartered Accountants

LIABILITIES	1972	1971
Policy reserves - - - - -	\$122,361,973	\$113,372,884
Unearned premium reserve - - - - -	16,401,414	14,267,163
Provision for unpaid and unreported claims - - - - -	19,876,781	18,407,114
Staff pension fund - - - - -	5,119,620	4,948,982
Amounts left with company at interest - - - - -	3,595,269	3,041,745
Premium and other taxes payable - - - - -	613,793	778,187
Due to reinsurers and others - - - - -	1,231,366	1,010,131
Amounts received, not yet allocated - - - - -	768,603	598,811
Segregated investment funds (note 3) - - - - -	7,043,958	4,743,999
Provision for profits to policyholders - - - - -	2,933,880	2,915,973
Dividends payable - - - - -	75,539	75,599
Participating policyholders' equity in surplus - - - - -	782,837	985,329
	<u>180,805,033</u>	<u>165,145,917</u>
Minority interest - - - - -	<u>690,052</u>	<u>651,766</u>

SHAREHOLDERS' EQUITY

Capital stock, fully paid (note 4) - - - - -	1,772,672	1,752,168
Contributed surplus arising from issue of shares at a premium	40,766	40,766
General reserve for investments and contingencies - - -	5,280,712	4,584,120
Surplus - - - - -	<u>23,729,833</u>	<u>20,629,716</u>
	<u>30,823,983</u>	<u>27,006,770</u>
	<u>\$212,319,068</u>	<u>\$192,804,453</u>

Approved by the Board

H. N. R. Jackman, Director

P. S. Gooderham, Director

Consolidated Statement of Income

YEAR ENDED DECEMBER 31, 1972

(with comparative figures for 1971)

	1972	1971
Premium income - - - - -	\$ 57,570,109	\$ 52,408,815
Investment and other income - - - - -	11,833,656	10,598,990
	<u>69,403,765</u>	<u>63,007,805</u>
Deduct		
Claims incurred - - - - -	25,687,584	23,007,752
Other benefits to policyholders - - - - -	5,869,051	5,764,511
Increase in policy and unearned premium reserves - -	11,413,304	11,644,146
Agents' commissions - - - - -	7,873,426	6,930,738
Operating expenses - - - - -	9,790,915	8,999,019
Taxes other than income taxes - - - - -	1,236,674	1,132,247
Premiums transferred to segregated fund - - - - -	1,227,716	1,019,092
Policyholders' and minority shareholders' portion of income - - - - -	760,578	862,867
	<u>63,859,248</u>	<u>59,360,372</u>
Operating income before income taxes - - - - -	5,544,517	3,647,433
Income taxes - - - - -	1,664,640	1,452,894
Net operating income - - - - -	3,879,877	2,194,539
Profit on sale of securities (note 7) - - - - -	410,183	25,318
Profit on sale of non-Canadian agencies - - - - -	61,529	283,440
Net income for the year - - - - -	<u>\$ 4,351,589</u>	<u>\$ 2,503,297</u>
Earnings per common share based on full conversion of preference shares (note 9)		
Net operating income - - - - -	\$1.16	\$.66
Profit on sale of securities - - - - -	.13	.01
Profit on sale of non-Canadian agencies - - - - -	.02	.08
Net income for the year - - - - -	<u>\$1.31</u>	<u>\$.75</u>

Consolidated Statement of Shareholders' Equity in Surplus

YEAR ENDED DECEMBER 31, 1972

(with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
Shareholders' equity in surplus at beginning of year	\$20,629,716	\$18,582,375
Add		
Net income for the year - - - - -	4,351,589	2,503,297
Increase in shareholders' equity on purchase of additional shares - - - - -	12,630	25,649
Special decrease in actuarial reserve - - - -		209,774
	<u>24,993,935</u>	<u>21,321,095</u>
Deduct		
Transfer to general reserve for investments and contingencies - - - - -	694,984	283,440
Adjustment re sale of non-Canadian agencies -	160,921	
Dividends - - - - -	408,197	407,939
	<u>1,264,102</u>	<u>691,379</u>
Shareholders' equity in surplus at end of year - -	<u><u>\$23,729,833</u></u>	<u><u>\$20,629,716</u></u>

Consolidated Statement of Source and Use of Funds

YEAR ENDED DECEMBER 31, 1972

(with comparative figures for 1971)

	1972	1971
Source of funds		
Net income for the year - - - - -	\$ 4,351,589	\$ 2,503,297
Add non-cash charges		
Policyholders' and minority shareholders' portion of income or loss - - - - -	(279,113)	(259,815)
Increase in policy and unearned premium reserves	11,413,304	11,644,146
Increase in staff pension fund - - - - -	170,584	305,012
Increase in provision for profits to policyholders	17,907	31,000
Increase in provision for unpaid and unreported claims - - - - -	1,469,667	1,398,185
Depreciation and amortization - - - - -	185,325	196,648
	<u>17,329,263</u>	<u>15,818,473</u>
Decrease in cash and short term investments - -		1,301,040
Decrease in loans on policies - - - - -		50,726
Increase in amounts left with company at interest	553,524	313,695
	<u>\$17,882,787</u>	<u>\$17,483,934</u>
Use of funds		
Increase in securities - - - - -	\$13,692,508	\$11,967,569
Increase in first mortgages on real estate - - -	2,192,261	2,214,616
Increase in premiums in the course of collection	824,938	495,241
Increase in cash and short term investments - -	141,844	
Dividends - - - - -	408,197	407,939
Increase in loans on policies - - - - -	98,089	
Decrease in premium and other taxes payable -	164,394	830,944
Purchase of shares in subsidiary companies for cash	19,923	62,716
Decrease in policy reserves and participating policyholders' equity in surplus and general reserve for investments and contingencies on sale of non-Canadian agencies - - - - -	289,964	1,348,649
Other items (net) - - - - -	50,669	156,260
	<u>\$17,882,787</u>	<u>\$17,483,934</u>

Notes to Consolidated Financial Statements DECEMBER 31, 1972

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the following subsidiary companies:

E-L Investment Management Limited (wholly owned)

The Empire Life Insurance Company

The Dominion of Canada General Insurance Company and its subsidiary company, The Casualty Company of Canada

The consolidated financial statements are prepared on a pooling of interests basis. Surpluses, reserves and balance of revenue have been computed after giving effect to the minority interest in the shares of Empire (5.34%) and Dominion (0.97%) outstanding at December 31, 1972.

The financial statements are prepared essentially in accordance with accounting practices prescribed, authorized or permitted by the regulations governing insurance companies for insurance company annual statements, except for modifications principally as to classification and format for the purpose of clarifying the interest of the holding company. However, in certain respects as indicated below in (a) to (d) they are not in conformity with generally accepted accounting principles applicable to companies engaged in other industries.

- Commissions and other acquisition costs relating to the issue of new life insurance and annuity policies are charged to operations in the year incurred. Some allowance is made for amortizing part of these costs by use of the Canadian Modified method of computing actuarial policy reserves but this does not give full effect to the amortization of these costs over the term of the policies. The result is to penalize gain from operations in a period of business growth and to improve gain from operations in a period of decline.
- Agents' debit balances, office furniture and certain relatively minor other assets are also excluded from the balance sheet.

1. BASIS OF CONSOLIDATION (CONTINUED)

- (c) Life insurance and annuity reserves are computed on the basis of mortality and interest factors permissible by law and are in excess of those that could be computed on the basis of the companies' past experience.
- (d) Unearned general insurance premiums are reflected at 80% of actual premiums with the consequent application of only 20% toward expenses. Actual expenses of The Dominion of Canada General Insurance Company during the past five years have averaged 34%-39% of premiums, almost all of which expense is incurred at the time the policy is issued. Thus the 20% of premiums allowed for expenses in the government statements does not accurately reflect the cost of acquiring new premiums. Therefore in periods when the company's premium income is expanding, reported earnings are penalized. Conversely in periods when premium income is declining, reported earnings are inflated.

2. VALUATION OF INVESTED ASSETS

The basis of valuation of invested assets other than the segregated investment fund is cost or amortized value, less amounts written off from time to time, and the resulting book values are not in excess of the values authorized by the Association of Superintendents of Insurance of the Provinces of Canada. The segregated investment fund is shown at quoted market value.

3. SEGREGATED INVESTMENT FUNDS

	1972	1971
Amount pertaining to staff pension fund - - - - -	\$1,049,075	\$ 711,020
Policyholders' portion - - - - -	5,641,894	3,758,293
Amount pertaining to shareholders' surplus including minority shareholders' portion \$12,557 (1971—\$10,170) - - - - -	352,989	274,686
	<u>\$7,043,958</u>	<u>\$4,743,999</u>

4. CAPITAL STOCK

	1972	1971
Authorized		
4,999,925 Preference shares, without par value, issuable in series		
10,000,000 Common shares, without par value		
Issued		
597,471 (1971, 597,171) Series A convertible preference shares - - - - }	\$1,772,672	\$1,752,168
2,736,534 (1971, 2,733,834) Common shares - - - - - }		

The Series A convertible preference shares are convertible into common shares on a share for share basis.

Shares and warrants issued

1972

2,000 Common shares at \$10 per share in part payment for investment counselling firm
700 Common shares, 300 Series A convertible preference shares and 100 share purchase warrants in consideration for 100 shares of The Dominion of Canada General Insurance Company

1971

2,000 Common shares at \$10 per share in part payment for investment counselling firm

Share purchase warrants

531,511.5 warrants to purchase 531,511.5 common shares of the company at \$12 per share exercisable until December 22, 1978 are outstanding at December 31, 1972 (531,411.5 warrants were outstanding at December 31, 1971).

5. SHAREHOLDERS' EQUITY IN SURPLUS

Under Empire Life's charter shareholders are entitled to all the profits from the non-participating policies and that portion of the profit on the participating policies equal to one-ninth of the amount paid to policyholders as dividends. For the years 1966 to 1972 an amount equal to one-ninth of the amount paid and provided for policy dividends on participating policies has been transferred from the surplus attributable to participating policies to shareholders' surplus. A lesser amount was transferred in earlier years. These amounts plus the shareholders' interest in investment income together with all the profit on Empire Life's non-participating policies make up the amount transferred to surplus each year.

6. INCOME TAXES

The Dominion of Canada General Insurance Company follows the practice with respect to its Head Office building of claiming for income tax purposes, capital cost allowance in excess of the depreciation provided in the accounts. As a result, the total reduction of income taxes to December 31, 1972 amounted to \$425,114 of which \$37,014 is applicable to 1972 and \$40,800 is applicable to 1971.

7. PROFIT (LOSS) ON SALE OF SECURITIES

	1972	1971
Shareholders' portion - - - - -	\$410,183	\$ 25,318
Participating policyholders' portion - - - - -	22,287	(904)
Minority interest - - - - -	5,338	229
	<u>\$437,808</u>	<u>\$ 24,643</u>

The 1972 amounts for shareholders and minority interest are after deducting income taxes of \$107,943 and \$1,057 respectively.

8. OTHER STATUTORY INFORMATION

	1972	1971
Remuneration of directors and senior officers of the company - - - - -	\$199,336	\$174,486
Depreciation and amortization - - - - -	185,325	196,648

9. EARNINGS PER SHARE

Fully diluted earnings per share assuming conversion of the preference shares and exercise of the share purchase warrants outstanding at the exercise price of \$12 per share and assuming the investment of the proceeds at 6% less income taxes would be \$1.06 on the net operating income, 10¢ on the profit on sale of securities and 2¢ on the profit on sale of non-Canadian agencies. The comparative figures for 1971 would have been 61¢ on the net operating income, 1¢ on the profit on sale of securities and 7¢ on the profit on sale of non-Canadian agencies.

10. COMPARATIVE FIGURES

The 1971 comparative figures have been reclassified to reflect the basis of financial statement presentation adopted for 1972.



THE EMPIRE LIFE INSURANCE COMPANY

Remarks of the President and Managing Director

MR. N. DONALD McDONALD, M.B.E., F.L.M.I.

The operating results for the year were highly satisfactory; much better than anticipated and very acceptable. They reflected, somewhat sooner than expected, the results of actions by management in 1971, and early 1972, to improve the profit picture. Management, however, did not count on the large shift from non-par to par sales which inflated rather emphatically the profit earnings for shareholders. This shift will stabilize, but it does point out the need to have future production increased in the non-par area. This will occur, as our mass marketing efforts are now beginning to be felt and they are concentrated in the non-par field.

There was a modest gain in the total surplus, over 1971, despite the fact that we limited the acceptance of single premium annuity business. Our investment income and renewal premium showed satisfactory increases which indicate a sound and healthy growth.

Death claims, disability claims and cash surrenders were all lower than expected and, as a result, the increase in actuarial reserves was higher than expected.

Operating expenses increased by only \$27,000 which indicates that our Head Office and Field Offices are operating both effectively and efficiently. Our branch offices have the lowest cost ratios ever, and the persistency of our business has never been better.

Comparing revenue and expenditures against 1971, we took in more and paid out less which gave us *an improvement* in our net revenue, before taxes and dividends to policyowners, of \$1,170,684.

We showed a loss of \$394,779 from insurance operations on policyowners' account because of the substantial increase in par sales and the new business costs relating thereto. The profit to shareholders from insurance operations was \$1,054,253.

We were able to sell our Bermuda business, which was a nominal amount in relation to our overall business-in-force, and realized a further profit of \$65,000 which went into the shareholders' account.

Net profit on sale of securities was \$52,220, with \$22,287 realized for policyowners, and \$29,933 for shareholders. Net interest earned on invested assets was at the rate of 6.69% as against 6.56% in 1971.

New business produced, including both ordinary and group, was 3% below that of 1971 on a volume basis; however, we had deliberately eliminated certain sources of new business in 1971 and 1972. Our marketing operations have been consolidated and we are now expanding them in conjunction with the trend to greater production which has been established over the last few months. We look to 1973 for a new record and a new plateau. Our net business-in-force at the 31st of December, 1972, was \$1,111,199,000.

Constructive changes were made in our staff fringe benefits program effective the 1st of January, 1973.

The Field and Administrative staffs are to be commended for the efforts they put forth, during 1972, which make it possible for me to present this highly satisfactory report. We can count, I am sure, on this continued loyalty and dedication as we start out on the second half of our first century.

My sincerest thanks to them all.



THE DOMINION OF CANADA GENERAL INSURANCE COMPANY



Remarks of the President and Managing Director — General Insurance

MR. KENNETH G. HUTCHISON

The 1972 general insurance operations of our Company and its subsidiary, The Casualty Company of Canada, reflect another year of substantial growth in premium volume and a favourable underwriting result, despite emerging indications that the year has been one of adversity for the general insurance business as a whole.

Net premiums written increased by 14.9% to \$35,688,628. Incurred claims of \$21,016,030 produced an earned ratio of 62.6% and when compared to prior years, is to some extent an indication of a consistent underwriting program. Expenses, including premium taxes and agents' commission amounted to \$11,078,784 or 31% of written premiums as against 31.4% in 1971, the reduction reflecting our substantial premium growth. With earnings from investments and after provision for income taxes, the net operating profit is \$2,798,482.

During the past year another Western Province, British Columbia, elected a socialist government that has promised to introduce government monopoly automobile insurance, probably aiming for a 1974 effective date. Anticipating the loss over 1973 and 1974 of a large part of our automobile premium volume in British Columbia, we are concentrating on development of other lines which, with growth in other provinces, will offset that loss.

Meanwhile our industry is engaged in deep introspection of the system of automobile reparations, the cost of insurance and the claims function, each of these three issues generate some degree of criticism and demands for either "a new deal" or a government operated monopoly depending upon the political views held. We are aware of the problem and fully involved in these studies.

Net premium income from fire insurance was \$5,652,110 an increase of 12.5% over 1971 while our casualty insurance net premium volume amounted to \$5,199,011, up 17.7%. During the year deductibles were introduced into the dwelling and contents lines which, with current rate increases, will help to control a developing adverse trend in these lines caused by increasing frequency of theft losses and aggravated by inflation.

Our business in the Atlantic Provinces increased to almost \$1,500,000 from just under \$800,000 the year before. Now that we are well established in seven General Agency offices in those four Provinces, we are consolidating our position and expect continued growth in this region but at a more modest rate.

The past three years have seen our general insurance premium volume increase by 57.4%. This rapid growth has generated heavy pressure upon every area of our operation, however, our facilities have been expanded and we enter 1973 confident that we will maintain the high calibre of service that is a tradition of our Company.

Remarks of the Managing Director—Life Insurance

MR. J. S. M. WASON, F.F.A., F.C.I.A., A.S.A.

Our continuing life insurance development program produced very satisfactory results in 1972 with new records being achieved in most of the principal areas.

Net life insurance written exceeded the previous high by the end of August and by the year-end had reached \$33,733,000. Business in force net of reinsurance ceded increased by more than 18% to \$285,802,000. Total business on the books of the Company is now in excess of \$313 millions.

Life insurance premium income rose to \$4,542,000 while total income increased by 19.7% to \$6,798,000. The net yield on invested assets advanced from 6.66% to 6.92%.

These and other figures relating to our Life insurance results are combined with those of our associated company, The Empire Life Insurance Company elsewhere in this Report.

On behalf of the Directors we extend a sincere vote of thanks to our supporting Agents coast to coast and to each member of our Staff, for a job well done.

Summary of Consolidated Results

(all figures expressed in thousands of dollars)

	1972	1971	1970	1969
PREMIUM INCOME - - - - -	\$ 57,570	\$ 52,409	\$ 48,024	\$ 41,256
INVESTMENT AND OTHER INCOME - -	11,834	10,599	9,613	8,710
TOTAL REVENUES - - - - -	69,404	63,008	57,637	49,966
Claims and Other Benefits to Policyholders	31,557	28,772	25,684	24,018
Increase in Policyholders' Reserves - -	12,641	12,664	11,981	7,633
Expenses (including agents' Commissions)	17,663	15,930	14,769	13,630
Taxes paid to Governments - - - - -	2,902	2,585	1,814	1,574
Profits paid or allocated to Policyholders -	761	862	1,176	1,484
NET OPERATING PROFIT - - - - -	3,880	2,195	2,213	1,627
Net Realized gains on security transactions and other extraordinary items - - -	472	309	393	405
TOTAL NET PROFIT - - - - -	\$ 4,352	\$ 2,504	\$ 2,606	\$ 2,032
NET INCOME				
per share (net operating income) - - -	1.16	.66	.66	.49
per share (including capital gains and extra- ordinary items) - - - - -	1.31	.75	.78	.61
ASSETS				
Cash and Short Term Investments - - -	\$ 3,767	\$ 3,683	\$ 4,926	\$ 3,619
Bonds and Debentures - - - - -	58,290	52,215	45,388	43,417
Preferred and Common Stocks - - - -	47,584	39,967	34,826	28,958
First Mortgages on Real Estate - - - -	71,544	69,352	67,137	62,909
Real Estate - - - - -	5,623	5,723	5,759	5,808
Loans on Policies - - - - -	9,151	9,053	9,104	7,873
Segregated Equity Funds - - - - -	7,044	4,744	3,332	2,576
Other Assets - - - - -	9,316	8,126	7,731	6,627
TOTAL ASSETS - - - - -	\$212,319	\$192,863	\$178,203	\$161,787
LIABILITIES				
*Policy and Unearned Premium Reserves -	\$150,927	\$137,333	\$125,370	\$113,428
Reserve for Claims - - - - -	19,877	18,407	17,008	16,844
Other Liabilities - - - - -	6,974	6,215	6,845	6,134
Policyholders' Equity in Surplus - - -	3,717	3,901	4,324	3,934
TOTAL LIABILITIES - - - - -	181,495	165,856	153,547	140,340
SHAREHOLDERS' EQUITY - - - - -	30,824	27,007	24,656	21,447
	\$212,319	\$192,863	\$178,203	\$161,787

*including staff pension and segregated funds

Summary of General Insurance Operations

(all figures expressed in thousands of dollars)

	1972	1971	1970	1969
NET PREMIUMS WRITTEN				
Automobile - - - - -	\$ 24,838	\$ 21,620	\$ 18,351	\$ 15,619
Casualty - - - - -	5,199	4,419	3,699	3,248
Fire - - - - -	5,652	5,025	4,171	3,803
TOTAL NET PREMIUMS WRITTEN - - -	\$ 35,689	\$ 31,064	\$ 26,221	\$ 22,670
NET PREMIUMS EARNED - - - - -				
Claims Incurred - - - - -	21,016	18,461	15,579	13,914
Operating Expenditures including Commis- sions and Premium Taxes - - - - -	11,079	9,748	8,680	7,779
UNDERWRITING PROFIT - - - - -	\$ 1,459	\$ 1,219	\$ 555	\$ 219
Investment Income - - - - -	2,329	1,992	1,905	1,623
NET PROFIT BEFORE TAXES - - - - -	\$ 3,788	\$ 3,211	\$ 2,460	\$ 1,842
Income Taxes - - - - -	1,017	906	654	456
NET OPERATING PROFIT - - - - -	\$ 2,771	\$ 2,305	\$ 1,806	\$ 1,386
Claims Ratio (to net premiums earned) - - %				
	62.6	62.7	62.8	63.5
Expense Ratio (to net premiums written) - -				
	31.0	31.4	33.1	34.3
	% 93.6	% 94.1	% 95.9	% 97.8
ASSETS				
Cash and Short Term Investments - - -	\$ 3,447	\$ 3,029	\$ 3,251	\$ 3,524
Bonds and Debentures - - - - -	16,924	15,046	13,606	12,199
Preferred and Common Stocks - - - - -	25,039	21,764	19,079	16,264
First Mortgages - - - - -	990	936	1,012	1,043
Real Estate - - - - -	2,439	2,471	2,504	2,537
Amounts Receivable - - - - -	6,989	6,119	5,622	4,547
TOTAL ASSETS - - - - -	\$ 55,828	\$ 49,365	\$ 45,074	\$ 40,114
LIABILITIES				
Unearned Premium Reserve - - - - -	\$ 16,401	\$ 14,267	\$ 12,632	\$ 11,224
Reserve for Claims - - - - -	17,681	16,014	14,645	14,785
Other Liabilities - - - - -	1,499	1,416	2,355	1,114
TOTAL LIABILITIES - - - - -	\$ 35,581	\$ 31,697	\$ 29,632	\$ 27,123
CAPITAL, SURPLUS AND CONTINGENCY RESERVES - - - - -				
	20,247	17,668	15,442	12,991
	\$ 55,828	\$ 49,365	\$ 45,074	\$ 40,114

Summary of Life Insurance Operations

(all figures expressed in thousands of dollars)

	1972	1971	1970	1969
PREMIUM INCOME (NET OF REINSURANCE) - - - -	\$ 21,881	\$ 21,322	\$ 21,803	\$ 18,586
Investment and Other Income - -	9,365	8,499	7,638	7,049
TOTAL REVENUES - - - -	\$ 31,246	\$ 29,821	\$ 29,441	\$ 25,635
Claims and Other Benefits to Policyholders - - - -	\$ 10,541	\$ 10,310	\$ 10,105	\$ 10,104
Increase in Policy Reserves - -	9,279	10,008	9,555	5,461
Operating Expenses (including Agents' Commissions) - - -	7,351	6,827	6,589	6,344
Taxes Paid to Governments - -	1,002	927	531	564
Premiums transferred to Segregated Funds - - - - -	1,228	1,006	1,019	1,414
Profits Paid or allocated to Policyholders - - - - -	733	837	1,143	1,458
NET OPERATING PROFIT - - -	\$ 1,112	\$ (94)	\$ 499	\$ 290
ASSETS				
Cash and Short Term Investments	\$ (232)	\$ 300	\$ 1,483	\$ 87
Bonds and Debentures - - -	41,366	37,169	31,782	31,218
Preferred and Common Stocks -	22,526	18,203	15,747	12,693
First Mortgages - - - - -	70,554	68,415	66,125	61,866
Real Estate - - - - -	3,184	3,252	3,254	3,270
Loans on Policies - - - - -	9,151	9,053	9,104	7,873
Segregated Equity Funds - - -	7,044	4,744	3,332	2,576
Other Assets - - - - -	2,327	1,996	2,083	1,967
TOTAL ASSETS - - - - -	\$ 155,920	\$ 143,132	\$ 132,910	\$ 121,550
LIABILITIES				
Policy Reserves - - - - -	\$ 122,362	\$ 113,373	\$ 104,763	\$ 95,279
Amounts left with Company at interest - - - - -	3,595	3,042	2,679	3,094
Reserve for Claims - - - - -	2,196	2,393	2,363	2,059
Staff Pension Fund - - - - -	5,120	4,949	4,644	4,349
Segregated Equity Funds - - -	7,044	4,744	3,331	2,576
Other Liabilities - - - - -	1,452	1,365	1,371	1,538
Policyholders' Equity in surplus -	4,150	4,302	4,754	4,330
TOTAL LIABILITIES AND POLICYHOLDERS' EQUITY - -	\$ 145,919	\$ 134,168	\$ 123,905	\$ 113,225
CAPITAL, SURPLUS AND CONTINGENCY RESERVES - -	10,001	8,964	9,005	8,325
	\$ 155,920	\$ 143,132	\$ 132,910	\$ 121,550
NET INTEREST EARNED - - -	% 6.75	% 6.58	% 6.36	% 6.35
BUSINESS IN FORCE				
Individual Lives				
Whole Life and Endowment -	\$ 465,246	\$ 440,786	\$ 421,936	\$ 410,373
Term Insurance - - - - -	365,436	339,305	327,169	309,119
Annuities - - - - -	40,735	25,965	19,950	13,998
Health Insurance - - - - -	3,718	4,104	4,087	4,375
"Equity" Insurance and Annuities - - - - -	26,406	25,471	22,520	19,361
	\$ 901,541	\$ 835,631	\$ 795,662	\$ 757,226
Group				
Life Insurance - - - - -	\$ 343,653	\$ 312,924	\$ 295,217	\$ 264,476
Annuities - - - - -	79,069	60,211	54,782	46,349
Health Insurance - - - - -	72,738	96,741	92,495	87,484
	\$ 495,460	\$ 469,876	\$ 442,494	\$ 398,309
TOTAL BUSINESS IN FORCE - -	\$1,397,001	\$1,305,507	\$1,238,156	\$1,155,535

NOTE—Volume figures for Life Insurance in Force are expressed net of reinsurance ceded.

Officers and Administrative Staff

CHAIRMAN OF THE BOARD	-	-	-	-	-	-	-	-	-	-	-	-	HENRY N. R. JACKMAN
PRESIDENT	-	-	-	-	-	-	-	-	-	-	-	-	N. DONALD McDONALD, M.B.E., F.L.M.I.
VICE-PRESIDENT AND ACTUARY	-	-	-	-	-	-	-	-	-	-	-	-	W. H. AITKEN, F.S.A., F.C.I.A.
VICE-PRESIDENT AND SECRETARY	-	-	-	-	-	-	-	-	-	-	-	-	E. W. KAITTING, F.L.M.I., F.E.A.A.
VICE-PRESIDENT, COMPUTER SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	R. BALTRUWEIT, F.L.M.I.
VICE-PRESIDENT, MARKETING SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	G. D. DE RÉ, C.L.U.
VICE-PRESIDENT, BRANCH DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	-	-	W. H. MERRIAM, C.L.U.
VICE-PRESIDENT, GROUP	-	-	-	-	-	-	-	-	-	-	-	-	R. E. SMART, F.S.A., F.C.I.A.
VICE-PRESIDENT	-	-	-	-	-	-	-	-	-	-	-	-	J. S. M. WASON, F.F.A., F.C.I.A., A.S.A.
EXECUTIVE ASSISTANT, SECURITIES	-	-	-	-	-	-	-	-	-	-	-	-	A. G. DRAGONE
													Vice-President, E-L Investment Management
MORTGAGE OFFICER	-	-	-	-	-	-	-	-	-	-	-	-	J. M. McINNIS, F.L.M.I.
PURCHASING AGENT	-	-	-	-	-	-	-	-	-	-	-	-	E. FROST
SUPERINTENDENT, GROUP	-	-	-	-	-	-	-	-	-	-	-	-	D. E. SCHLICHTER, C.L.U.
MEDICAL OFFICER-	-	-	-	-	-	-	-	-	-	-	-	-	J. N. CHESEBROUGH, M.D.
UNDERWRITING SECRETARY	-	-	-	-	-	-	-	-	-	-	-	-	D. C. SWAIN, F.L.M.I.
SUPERINTENDENT, BRANCH DEVELOPMENT-	-	-	-	-	-	-	-	-	-	-	-	-	B. V. DOUTHWAITE
SUPERINTENDENT, BRANCH DEVELOPMENT-	-	-	-	-	-	-	-	-	-	-	-	-	J. A. G. LITALIEN
ASSOCIATE SUPERINTENDENT, BRANCH DEVELOPMENT -	-	-	-	-	-	-	-	-	-	-	-	-	R. H. DYCK
ASSOCIATE ACTUARY-	-	-	-	-	-	-	-	-	-	-	-	-	L. N. TAYLOR, F.I.A., F.C.I.A.
ASSISTANT ACTUARY-	-	-	-	-	-	-	-	-	-	-	-	-	B. L. MATCHETT, F.S.A., F.C.I.A.

Managers

BRANCH OFFICES	Vancouver - - - - -	1520 West Georgia Street - - - - -	R. M. Castner, C.L.U.
	Edmonton- - - - -	802 Royal Bank Building - - - - -	E. Newman, C.L.U.
	Calgary North - - - - -	1632-14th Avenue, N.W. - - - - -	D. A. Wight, C.L.U.
	Calgary Chinook - - - - -	202 Chinook Professional Building - - - - -	D. E. Fox
	Winnipeg - - - - -	491 Portage Avenue - - - - -	R. H. Little
	Hamilton - - - - -	135 James Street South - - - - -	M. G. Flaherty, C.L.U.
	Kitchener - - - - -	305 King Street West - - - - -	G. A. Robbins, C.L.U.
	St. Catharines - - - - -	205 King Street - - - - -	S. B. Kelly, C.L.U.
	Kingston (St. Lawrence) - - - - -	11 Princess Street - - - - -	C. J. Lawlor, C.L.U.
	London - - - - -	200 Queen's Avenue - - - - -	- - - - -
	Ottawa - - - - -	120 Holland Avenue - - - - -	D. G. Fairweather
	Toronto Centre - - - - -	2200 Yonge Street - - - - -	J. E. McKenna
	Toronto Don - - - - -	3 Thorncliffe Square - - - - -	R. G. Ness
	Toronto West - - - - -	100 Dixie Plaza, Port Credit- - - - -	G. H. Rott
	Toronto East - - - - -	3495 Lawrence Ave. East (Scarborough) - - - - -	L. G. Ayles
	Toronto Bathurst - - - - -	3101 Bathurst Street - - - - -	J. H. Green
	Toronto Bayview - - - - -	2901 Bayview Ave., Willowdale - - - - -	J. H. Mosoff
	Windsor - - - - -	660 Ouellette Avenue - - - - -	R. S. Miles
	Montreal West - - - - -	16 Westminster Avenue N. - - - - -	G. Goguen
	Montreal Cartier - - - - -	Fairview Shopping Centre, Pointe-Claire - - - - -	- - - - -
	Montreal Centre - - - - -	1712 Place Ville Marie - - - - -	G. H. Laurendeau, C.L.U.
	Montreal St. Laurent- - - - -	750 Laurentian Blvd.- - - - -	G. E. Ouwendyk, C.L.U.
	Quebec City - - - - -	2700 Boul. Laurier - - - - -	J. M. Voyer
	Sherbrooke - - - - -	2851 King Street West - - - - -	J-P. Bourgeois, C.L.U.
	Trois-Rivières - - - - -	1683 Royale - - - - -	J. Dupuis, C.L.U.
	Charlottetown - - - - -	152 Kent Street - - - - -	W. B. MacDonald

GROUP OFFICES

Vancouver, B.C.	-	-	-	-	-	1520 West Georgia Street	-	-	-	-	-	-	-	-	A. M. Coyne
Edmonton, Alta.	-	-	-	-	-	802 Royal Bank Building	-	-	-	-	-	-	-	-	R. J. O'Shaughnessy
Toronto, Ont.	-	-	-	-	-	797 Don Mills Road, Don Mills (6th floor)	-	-	-	-	-	-	-	-	M. R. Coffey
Montreal, Que.	-	-	-	-	-	1711 Place Ville Marie	-	-	-	-	-	-	-	-	A. Vezina

AGENCIES

Saskatoon, Sask.	-	-	-	-	833 Ave. "V" North	-	-	-	-	-	-	-	Empire Agencies Limited
Sault Ste. Marie, Ont.	-	-	-	-	224 Queen Street E.	-	-	-	-	-	-	-	A. A. Biagini
Toronto, Ont.	-	-	-	-	223 Church Street	-	-	-	-	-	-	-	Canadian Insurance Services Limited

ESTATE ANALYSIS

Kingston, Ont. - - - - - 243 King Street East - - - - - C. E. Allen, c.L.U.
Montreal, Que. - - - - - 1295 Place du Canada - - - - - J. J. DeSerres, c.L.U.

MASS MARKETING

Toronto, Ont. - - - - - 797 Don Mills Road, Don Mills (5th floor) - - - - - R. Rastrick



THE DOMINION OF CANADA GENERAL INSURANCE COMPANY



CHAIRMAN OF THE BOARD - - - - - PETER S. GOODERHAM
VICE-CHAIRMAN OF THE BOARD - - - - - HENRY N. R. JACKMAN
PRESIDENT AND MANAGING DIRECTOR, GENERAL INSURANCE KENNETH G. HUTCHISON
MANAGING DIRECTOR, LIFE INSURANCE AND ACTUARY - - J. STUART M. WASON,
F.F.A., F.C.I.A., A.S.A.

GENERAL INSURANCE OFFICIALS

GENERAL MANAGER - - - - - F. G. ELLIOTT, F.I.I.C.
ASSISTANT GENERAL MANAGER - - - - - S. J. DAVIDSON, F.I.I.C.
ACCOUNTS - - - - - F. H. CLEMENT, *Manager*
AGENCY - - - - - A. R. PETRIE, F.I.I.C., *Manager*
AUTOMOBILE - - - - - H. B. BARNES, *Manager*
CASUALTY - - - - - W. A. HORNE, A.I.I.A., *Manager*
CLAIMS - - - - - G. F. CONNOR, *Manager*
DATA PROCESSING - - - - - B. A. EDGAR, F.I.I.C., F.L.M.I., *Manager*
FIRE - - - - - L. BUTTERFIELD, *Manager*
INVESTMENT - - - - - B. E. PURVIS, *Assistant Treasurer*
PERSONNEL AND PURCHASING- L. H. TEMPLE, *Manager*
SECRETARY - - - - - F. G. ELLIOTT, F.I.I.C.

GENERAL INSURANCE BRANCH OFFICES

Branch Manager

Alberta - - - - - 540-12th Avenue S.W., Calgary- - - - - G. P. CRAW, F.I.I.C.
British Columbia - - - - - 1309 West Pender Street, Vancouver - - - - - J. H. GLAVIN, A.I.I.C.
Eastern Ontario - - - - - 151 Slater Street, Ottawa - - - - - D. A. WAUGH, A.I.I.C.
Metropolitan Toronto - - - - - 250 University Avenue, Toronto - - - - - R. H. LOUGHEED
Mid-West - - - - - 209 Notre Dame Avenue, Winnipeg - - - - - M. E. RICHARDSON, F.I.I.C.
Quebec - - - - - 1080 Beaver Hall Hill, Montreal - - - - - W. J. GREEN, A.I.I.C.

GENERAL INSURANCE ONTARIO SERVICE OFFICES

Barrie - - - - - 34 Clapperton Street
Central Ontario - - - - - 165 University Avenue, Toronto
Chatham - - - - - 143 Wellington Street West
Cornwall - - - - - 12A Second Street West
Hamilton - - - - - 135 James Street South
Kitchener - - - - - 678 Belmont Avenue West
London - - - - - 361 Richmond Street
Owen Sound - - - - - 291-9th Street East
St. Catharines - - - - - 195 King Street
Thunder Bay - - - - - 200 South Syndicate Avenue
Windsor - - - - - 374 Ouellette Avenue

LIFE INSURANCE OFFICIALS

MANAGING DIRECTOR AND ACTUARY- - - - - J. S. M. WASON, F.F.A., F.C.I.A., A.S.A.
ACCOUNTS - - - - - R. T. BROWN, B.A., *Manager*
ADMINISTRATION - - - - - A. L. FARLEY, F.L.M.I., *Superintendent*
AGENCY - - - - - D. C. TOWNSEND, B.Sc., F.S.A., F.C.I.A.,
Associate Actuary

AGENCY ADMINISTRATION AND
MARKETING SERVICES - - - - - C. W. GREENAWAY, F.L.M.I., *Manager*
AGENCIES SERVICE—G.L.A. DIRECT - - - - - S. C. CARSON, B.A., C.L.U., *Manager*
—ONTARIO - - - - - G. B. HOULDEN, F.L.M.I., *Manager*
CONSERVATION AND MARKETING SERVICES - - - - - S. J. HARRIS, C.L.U., *Superintendent*
DATA PROCESSING - - - - - B. A. EDGAR, F.I.I.C., F.L.M.I., *Manager*
INVESTMENT - - - - - B. E. PURVIS, *Assistant Treasurer*
MEDICAL - - - - - D. B. CAMPBELL, M.D., *Medical Director*
PERSONNEL AND PURCHASING - - - - - L. H. TEMPLE, *Manager*
SECRETARY - - - - - F. G. ELLIOTT, F.I.I.C.
SYSTEMS CONTROL - - - - - R. W. VALLAT, F.L.M.I., *Manager*

LIFE INSURANCE BRANCH OFFICES

Branch Manager

Calgary - - - - - 540-12th Avenue S.W. - - - - - F. M. JAMES, C.L.U.
Hamilton - - - - - 135 James Street South - - - - - R. REICHERTZ
Montreal Provincial - - - - - 50 Cr  mazie Boulevard West - - - - - L. H. LARAM  E
Ottawa - - - - - 151 Slater Street - - - - - G. M. HOWE, C.L.U.
Toronto Metro - - - - - 2 Carlton Street - - - - - C. F. WOODWARD, C.L.U.
Vancouver - - - - - 1309 West Pender Street - - - - - L. GARRISON, C.L.U.

E-L FINANCIAL CORPORATION LIMITED

Subsidiary Companies



THE EMPIRE LIFE INSURANCE COMPANY



THE DOMINION OF CANADA
GENERAL INSURANCE COMPANY



THE CASUALTY COMPANY OF CANADA

E-L

E-L INVESTMENT MANAGEMENT LIMITED

